

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

MOOG INC.,

Plaintiff,

v.

Case No.: _____

SKYRYSE, INC., ROBERT ALIN
PILKINGTON, MISOOK KIM, and DOES NOS.
1-50,

Defendants.

DECLARATION OF PAUL STOELTING

PAUL STOELTING, under penalty of perjury and pursuant to 28 U.S.C. § 1746,
declares the following to be true and correct:

I. Background

1. My name is Paul Stoelting. I provide this declaration in support of Moog Inc.’s Motion for a Temporary Restraining Order/Preliminary Injunction. I am over the age of 18 years old. I have personal knowledge of the matters set forth herein and if called as a witness, I could and would competently testify as to all facts set forth herein.

2. I graduated from Rochester Institute of Technology in 1999, receiving a Bachelor and Master of Science in Mechanical Engineering. I received a Master of Science in Computer Science from State University of New York at Buffalo in 2010. In 2022, I received a Master of Science in Finance from Georgetown University.

3. I have worked at Moog Inc. (“Moog”) since 1996, when I joined as Development Engineer. I have held various titles at Moog over my 25 year tenure. From 2018 through

February 2021, I served as Director of Programs, Innovation & Technology. From February 2021 through present, I have served as Director, AG Growth & Innovation. At all relevant times, I have lived in New York and worked out of Moog's New York offices.

4. Beginning in January 2018, I transitioned from the Moog Aircraft Group – Commercial to Moog Aircraft Group – Growth and Innovation. This group was led by Dave Norman, who at the time was Director – Growth and Innovation. I was the number two person in this group working directly under Mr. Norman. The purpose of the Growth and Innovation Group was to explore new and innovative business opportunities for Moog outside of its existing business channels. The focus of the Growth and Innovation Group evolved over time, but gradually became more centered on flight controls and the front end of aircraft functionality. Going into 2019, the group's focus was geared more towards helicopter flight control.

5. I helped build out the Growth and Innovation Group team. In 2019, I was leading a group of approximately 15 employees, all of whom were previously internal to Moog and had moved to the Growth and Innovation Group.

6. In 2020, Mr. Norman transitioned to a different role in Moog as VP of Engineering. Therefore, I assumed Mr. Norman's role as leader of the Growth & Innovation Group.

II. Business Opportunity With Skyrise

7. In 2018, Moog began exploring a potential business opportunity with a company called Skyrise. This business opportunity was explored and developed through Moog's Growth and Innovation Group. At all times, I was directly involved in exploring the potential business opportunity with Skyrise, as well as managing the projects that Moog and Skyrise ultimately agreed under contract to engage on.

8. I was involved in the early discussions and meetings with Skyryse before any contract was entered into. These discussions and meetings took place in mid-2018. The Skyryse individuals that I and my team spoke to as part of these early discussions were Mark Groden, Peter Kalogiannis and Jeff Ehret.

9. Based on what Skyryse represented that its business plan was, it seemed like a perfect fit for Moog based on Moog's prior capabilities but also desire to enter into new markets. During these initial discussions, Skyryse represented that it wanted to offer on-demand helicopter transportation to the general public, through the use of automated flight system technology. Under this structure, Moog would provide the automated helicopter flight control systems (including flight control software, actuators, and computers), and Skyryse would install and implement this technology into their business. Skyryse represented that it would install Moog's flight control systems into Skyryse's fleet of R-44 helicopters.

10. Skyryse indicated that it wanted to own the Supplemental Type Certification ("STC") for the unmanned, automated flight system for the R-44 helicopters. Any type of software, hardware, or other technology that goes into a helicopter requires a STC issued by the Federal Aviation Administration ("FAA"). This means that the FAA has authorized the certain technology or software to go into the helicopter. Because Skyryse wanted to own the STC for this technology, Moog demanded (and Skyryse agreed) that Skyryse would perform and take responsibility for all installation of Moog's technology into Skyryse's R-44 helicopters.

11. Under Skyryse's initial proposed business model, Skyryse's goal was to eventually offer unmanned helicopters through an automated flight system. However, in the early stages of its business Skyryse intended to have a safety pilot on board which could override the automated flight system and take control if needed. The roles as represented by Skyryse

would be that Skyryse would have its own central computers which would send a command to Moog about where a certain helicopter would fly to, and Moog would take care of the flight control aspect (including takeoff, navigation, and landing).

III. Skyryse Non-Disclosure Agreements

12. As these business discussions progressed and to facilitate an exchange of information to evaluate a potential business opportunity, on October 24, 2018, Moog and Skyryse entered into a “Proprietary Information and Nondisclosure Agreement,” a true and correct copy of which is attached hereto as **Exhibit A** (the “2018 NDA”). The 2018 NDA’s express scope was for the “[e]xchange of business and technical information in various forms and forums.”

13. As discussions continued to progress, on March 15, 2019, Moog and Skyryse entered into another “Proprietary Information and Nondisclosure Agreement,” a true and correct copy of which is attached hereto as **Exhibit B** (the “2019 NDA”). The 2019 NDA contains the same material terms as the prior NDA executed in October 2018. However, the March 15, 2019 NDA’s express scope was for: “Discussion of integration of Moog’s flight control systems /subsystems / components and associated autonomous control technologies with Skyryse’s aircraft platforms and associated autonomous control technologies.”

IV. Skyryse Statement of Work and Terms and Conditions

14. Moog and Skyryse’s business relationship was contemplated to be conducted in four separate phases, with the Parties agreeing to enter into a separate contract before each phase. On May 31, 2019, Moog and Skyryse entered into a “Statement of Work for Phase 1 of Safe Autonomous Flight Evolution (SAFE) of the Robinson R44,” a true and correct copy of which is attached hereto as **Exhibit C** (hereafter the “SOW”).

15.

[REDACTED]

16.

[REDACTED]

[REDACTED]

[REDACTED]

17.

[REDACTED]

18.

[REDACTED]

[REDACTED]

19. [REDACTED]

[REDACTED]

20. On June 3, 2019, Moog and Skyryse entered into a “Terms and Conditions of Sale,” a true and correct copy of which is attached hereto as **Exhibit D**.

V. Completion of Phase 1 and Skyryse’s New Business Plan

21. Moog met its obligations under the SOW, specifically [REDACTED]

[REDACTED]

[REDACTED]

22. Before the parties were to explore Phase 2, Skyryse intended to take its system live to the public in October 2019. Based on my personal research and what was reported to be, Skyryse’s launch did not go as planned and was not successful. I understand that at this point, Skyryse stopped its business operations, fired many of its employees, and pivoted its business model.

23. In late 2019, Skyryse began advertising that it was offering an autonomous flight system as part of a flight control operating system. Skyryse called its flight operating system “Luna,” which was very similar to Moog’s name for its autonomous flight system previously discussed with Skyryse, “Lucy.” It became increasingly clear to me and my team that Skyryse had now pivoted into developing exactly the technology that it had proposed engaging Moog to

perform, which had been discussed at length in the course of the Moog-Skyryse joint venture pursuant to the terms of the 2018 and 2019 NDAs.

24. On May 22, 2020, Skyryse issued a request for quote (“RFQ”) to Moog, a true and correct copy of which is attached hereto as **Exhibit E**. The RFQ was sent by Tim Baptist of Skyryse, who was formerly Group Vice President at Moog before leaving in February 2020. In the RFQ, Skyryse states that it is “ramping up the second phase of the go-to-market program with the certification FlightOS on a light helicopter.” The RFQ also states that Skyryse’s “goal is to certify a system with a simplified pilot interface that makes flying safe and easy to learn for a broad cross-section of the public.” Moog’s deliverables under the RFQ would consist of the following:

- Develop a single triple redundant actuator version of the dual redundant one developed over the past year with Skyryse
- Re-package an existing computer to incorporate all flight sensors, battery and charger into a triple-dissimilar redundant set as described in the SOW
- Develop a side stick as described in the SOW
- Deliver a lab system (Blue Label) in January of 2021
- Deliver a flight test system (Red Label) in July of 2021
- Certification baseline system (Black Label) in December 2021

25. In short, Skyryse requested that Moog provide flight control computers and actuator systems for Skyryse to use and to implement Skyryse’s flight control operating system software. Providing flight control computers and actuator systems for aircrafts was already an established line of business for Moog. So, my team (focused on innovative and new business opportunities) was reluctant to pursue that line of business with Skyryse, especially since Skyryse had changed its entire business plan and model compared to when Moog first started doing business with Skyryse.

26. Nonetheless, given the prior business relationship with Skyryse, and the fact that several former respected Moog employees worked at Skyryse, on September 22, 2020, Moog

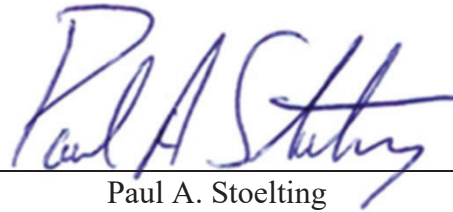
submitted a bid in response to Skyryse's RFQ for \$46,195,870, a true and correct copy of which is attached hereto as **Exhibit F**. I expected this price would be too high for Skyryse.

27. Shortly after Moog submitted its bid, Skyryse notified Moog that Moog's proposal was too expensive and Skyryse would be going elsewhere.

28. After it was evident that Moog and Skyryse would not pursue any further business opportunity, there was additional correspondence about closing up Phase 1. Phase 1 concluded, but the terms of the 2018 and 2019 NDAs were never terminated.

I declare that the foregoing is true and correct under penalty of perjury under the laws of the United States of America.

Dated: February 28, 2022



Paul A. Stoelting